

***Renaissance  
Zone  
Information  
for  
Individuals***



Individuals living in a renaissance zone are eligible for a deduction when filing a *Michigan Income Tax Return*. The information in this brochure applies to individuals only and does not apply to businesses.

The Michigan Renaissance Zone Act, P.A. 376 of 1996, designates 11 regions in Michigan as renaissance zones.

Effective January 1, 1997, P.A. 441, 442, 448, 455 and 469 of 1996 exempt individuals living in a renaissance zone from various taxes including, but not limited to, the following:

- Michigan and city income tax,
- property tax (except debt mills), and
- utility users tax (Detroit only).

## Qualifications

To qualify for these exemptions you must:

- be a permanent resident of a zone for 183 consecutive days;
- have a gross income of less than \$1,000,000;
- not be delinquent in any tax abated by the Renaissance Zone Act (state income taxes, property taxes, single business tax and utility taxes); and
- file a *Michigan Income Tax Return* (form MI-1040).

## State Income Tax Exemption

If you meet the qualifications above, you are exempt from paying tax on the following:

- income earned or received during the period of time you lived in a zone.
- interest and dividend income received in the tax year during the time you lived in a zone.
- capital gains received in the tax year prorated based on the percentage of time you held the asset while a resident of a zone.
- lottery winnings won after you became a resident of a zone.

To claim the state income tax exemption you must:

- file state income tax returns and subtract income received while you lived in a zone (see form MI-1040, line 53). If you moved into a zone during the tax year, you must complete a *Michigan Nonresident and Part-Year Resident Schedule* (Schedule NR) to determine your subtraction. Attach Schedule NR to your MI-1040.
- file a revised *Employer's Michigan Withholding Exemption Certificate* (form MI-W4), after the 183 day requirement for residency in a zone is met. You may claim exemption from Michigan income tax withholding while living in a zone. You must also file a revised MI-W4 form when moving out of a zone.

## Example:

Carol moved into a Detroit renaissance zone June 15, 1997 and completed her zone residency requirement December 15, 1997. Carol is required to file a new MI-W4 form with her employer within 10 days after December 15, claiming her residency in a renaissance zone. She may exempt herself from Michigan income tax withholding while she lives in the zone. If she moves out of the zone, Carol must file a new MI-W4 indicating the change in residency status.

In 1997, Carol earned wages of \$25,000. She earned \$14,000 after moving to the zone, received interest income of \$300 for 1997 and won an online Michigan lottery prize of \$10,000 on May 6, 1997. Carol also had a capital gain of \$1,000 on the sale of stock she purchased on September 1, 1996 and sold on August 15, 1997. Her federal adjusted gross income (AGI) is \$36,300. For 1997, Carol will file a Schedule NR with her MI-1040 to allocate her income to the renaissance zone. She should complete her Schedule NR as follows:

	Column A	Column B	Column C
		Income Earned While Living Outside the Renaissance Zone	Income Earned While Living Inside the Renaissance Zone
	Total Income		
Wages	\$25,000	\$11,000	\$14,000
Interest	300	135	165
Capital Gains	1,000	820	180
Lottery	<u>10,000</u>	<u>10,000</u>	<u>      </u>
<b>AGI</b>	<b>\$36,300</b>	<b>\$21,955</b>	<b>\$14,345</b>

On Carol's 1997 MI-1040, she may deduct \$14,345 on line 53 for income earned in a renaissance zone. The interest is prorated by the number of days Carol lived in the zone divided by the number of days in the year ( $199/365 = 55\%$ ). The capital gain is prorated by the number of months Carol owned the asset while living in the zone divided by the total number of months Carol owned the asset ( $2/11 = 18\%$ ).

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Lansing, Michigan 48922

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For information regarding the specific zones, call the local contact phone number listed below.

<b>Michigan Renaissance Zones</b>	<b>Local Phone Contact</b>	<b>Acres</b>	<b>Duration (Years)</b>
Benton Harbor/St. Joseph/Benton Twp.	616-925-6100	120	10
Detroit	313-224-6380	1,345	12
Flint	810-766-7436	836	15
Gogebic/Ontonagon/Houghton Counties	906-482-7205	2,917	15
Grand Rapids	616-456-3951	536	15
Lansing	517-483-4060	110	12
Manistee County	616-723-4325	556	15
Montcalm/Gratiot Counties	517-875-2083	1,870	15
Saginaw	517-759-1470	743	12
Warren Tank Plant (former)	810-574-4687	153	15
Wurtsmith Air Force Base (former)	517-739-6999	2,202	15

For general information about the program, contact the Michigan Jobs Commission at 1-800-94NOTAX. If you have tax questions relating to the zones, contact the Michigan Department of Treasury at 517-373-2922. Deaf, hearing or speech impaired persons may call 517-373-9419 (TTY) or the Michigan Relay Center at 1-800-649-3777.